

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1842
ANSWERED ON:24.08.2007
DISCREPANCIES IN DISINVESTMENT
Yerrannaidu Shri Kinjarapu

Will the Minister of FINANCE be pleased to state:

- (a) whether sharp discrepancies have come to the notice of Government in valuation of Public Sector Undertakings (PSUs) disinvestment including VSNL during the recent time;
- (b) if so, the details thereof;
- (c) whether Government has initiated any action against merchant bankers for discrepancies in their evaluation;
- (d) if so, the details thereof;
- (e) whether Government has shifted to strategic sale route from public offer route for disinvestment; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (S.S. PALANIMANICKAM)

(a) to (d) The Comptroller and Auditor General of India in his Report for the year ended March 2004-Union Government Transactions Audit Observations No.2 of 2005 (tabled in Parliament in May, 2005), which include the sale transactions of Hotel Juhu Centaur, Mumbai and Hotel Airport Centaur, Mumbai, has inter-alia observed that valuation of these properties were not consistent with the practice followed by the Ministry in other cases. In the light of observation made by C&AG, sale transactions of these hotels were referred to CBI for an inquiry in July, 2005.

The Comptroller and Auditor General of India conducted audit examination of 9 PSUs, including VSNL, disinvested through strategic sale between 1999 and 2003. The report of the Comptroller and Auditor General of India for the year ended March 2005 [Union Government (Civil), Performance Audit No. 17 of 2006] on Performance Audit of Disinvestment of Government Shareholding in Selected Public Sector Undertakings during 1999-2003, was laid in the Parliament on 25th August, 2006. This report contains, inter alia, observations on the valuation of these PSUs. The Public Accounts Committee (PAC) has selected this report for detailed examination during 2006-07. Further action will be taken on receipt of the recommendations of the PAC.

(e) & (f) There has been no case of strategic sale after the present Government assumed charge in May 2004.